GRADWORKS INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the statement of financial position of **Gradworks Inc.** as at December 31, 2009 and the statements of operations and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Dudley + Company LLP

Chartered Accountants
Regina, Canada

February 3, 2010

GRADWORKS INC.

STATEMENT OF FINANCIAL POSITION

As at December 31

	2009	2008
ASSETS		
Cash	**$ 534,121**	$ 97,608
Accounts receivable (Note 3)	**215,197**	3,325
	$ 749,318	$ 100,933
LIABILITIES		
Accounts payable	**$ 11,509**	$ 10,329
Deferred revenue (Note 4)	**703,850**	71,684
Accrued vacation expense	**33,959**	18,920
	749,318	100,933
NET ASSETS	-	-
	$ 749,318	$ 100,933

(See accompanying notes)

_____, Director

_____, Director

GRADWORKS INC.

STATEMENT OF OPERATIONS

For the Year Ended December 31

	2009	2008
REVENUES		
Operating grants	**$ 1,297,834**	$ 1,721,874
Reimbursement of Internship salaries and benefits (Note 4 (a))	**1,406,036**	35,678
Interest	**517**	9,322
	2,704,387	1,766,874
EXPENSES		
Internship salaries and benefits	**2,617,010**	1,712,600
General administrative and other	**87,377**	54,274
	2,704,387	1,766,874
EXCESS OF REVENUES OVER EXPENSES	**$ -**	$ -

(See accompanying notes)

GRADWORKS INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31

	2009	2008
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ -	$ -
Items not involving cash:		
(Increase) decrease in accounts receivable	**(211,872)**	14,894
Increase in accounts payable	**1,180**	91
Increase (decrease) in accrued vacation expense	**15,039**	(2,621)
Increase (decrease) in deferred revenue	**632,166**	(721,874)
Cash provided by (used in) operating activities	**436,513**	(709,510)
NET CHANGE IN CASH DURING YEAR	**436,513**	(709,510)
CASH POSITION, BEGINNING OF YEAR	**97,608**	807,118
CASH POSITION, END OF YEAR	**$ 534,121**	$ 97,608

(See accompanying notes)

GRADWORKS INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. Status of the Corporation

Gradworks Inc. (the Corporation) was established on December 22, 2004 under ***The Non-profit Corporations Act, 1995.*** The Corporation is a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC), a Saskatchewan provincial Crown corporation. Accordingly, the accounts of the Corporation are consolidated in the annual financial statements of CIC.

Gradworks is mandated to fund internships to qualified Saskatchewan graduates within provincial Crown corporations. The Corporation provides career development programs and mentorship to recent post secondary graduates while providing CIC subsidiary Crown corporations with access to young professionals.

CIC and certain of its Crown corporations provide grants to fund the Corporation (Note 4). The Corporation maintains a mandate to operate on a break-even basis.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered to be significant:

a) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results may differ from those estimates and would impact results reported in future periods.

b) Financial instruments

The following is a summary of the Corporation's financial instruments, their classification and measurement basis:

- Cash is measured at cost which approximates fair value due to its short-term maturity.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost.
- Accounts payable, deferred revenue and accrued vacation expense are classified as other liabilities and are measured at amortized cost.

c) Revenue recognition

Operating grants are received from CIC and certain CIC subsidiary Crown corporations. Operating grants are approved by Order in Council and recognized as revenue as expenses are incurred.

3. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations related to the Corporation by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

Included in Accounts Receivable is $213,385 (2008 - $1,606) due from related parties.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

CIC provides management services to the Corporation without charge.

4. Operating Grants and Deferred Revenue

Operating grants are recognized as revenue as operating expenses are incurred. The difference between funds forwarded from CIC and operating expenses has been recorded as deferred revenue. Amounts recorded as deferred revenue are determined as follows:

	2009	2008
Opening deferred revenue	$ 71,684	$ 793,558
Operating funds (a)	1,406,036	35,678
CIC Grant	1,930,000	1,000,000
Less: Operating grants and reimbursements earned	(2,703,870)	(1,757,552)
Deferred Revenue	$ 703,850	$ 71,684

4. Operating Grants and Deferred Revenue (continued)

(a) Reimbursement of Internship Salaries and Benefits:	2009	2008
CIC	$ 40,784	$ 19,612
ISC	72,742	590
SaskWater	11,836	9,506
SOCO	58,602	124
SGC	12,609	-
SaskPower	334,899	-
SGI	106,680	5,846
SaskTel	476,232	-
SaskEnergy	291,652	-
	$ 1,406,036	$ 35,678

5. Comparative Figures

Certain of the 2008 comparative figures have been reclassed to conform to current year's presentation.